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OPEN MEETING ITEM

<u>MEMORANDUM</u>

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TO: THE COMMISSION

FROM: Utilities Division

DATE: July 9, 2001

DOCKETED BY

JUL 1 0 2001

Arizona Corporation Commission

DOCKETED

RE:

IN THE MATTER OF THE APPLICATION OF QWEST CORPORATION F/K/A U.S. WEST COMMUNICATIONS, INC., FOR APPROVAL OF A LOCAL INTERCONNECTION AGREEMENT WITH AFFINITY NETWORK, INC. (DOCKET NOS. T-01051B-01-0472 AND T-02664A-01-0472)

On June 11, 2001, Qwest Corporation ("Qwest") f/k/a U S WEST Communications, Inc., filed an application for approval of an Interconnection Agreement between Qwest and Affinity Network Services, Inc. ("Affinity"). The term of the Agreement shall be effective upon Commission approval and remain in effect until June 30, 2003. Upon expiration, the agreement shall remain in force and effect until terminated by either party on one hundred sixty (160) days written notice. The Agreement governs the terms and conditions under which Qwest will offer Interconnection services to Affinity.

The Telecommunications Act of 1996 ("1996 Act") directed incumbent local exchange carriers to make their networks available for interconnection and resale by new entrants to the local exchange market. The 1996 Act provides for interconnection and resale agreements to be concluded by voluntary negotiation. This Agreement between Qwest and Affinity was voluntarily negotiated, without resort to arbitration.

Under the terms of the Agreement, Qwest will provide specified local exchange services for Interconnection, Resale, Collocation and Unbundled Network Elements to Affinity. Generally, Qwest services will be made available to Affinity for resale at a twelve (12) percent discount for residential customers and an eighteen (18) percent discount for business customers.

According to the 1996 Act and State Rule, the Commission must approve voluntarily negotiated interconnection and resale agreements if their provisions are non-discriminatory and in the public interest. Staff has reviewed the Agreement and finds it to be non-discriminatory and in the public interest. Qwest is offering the same terms and conditions of the Agreement to all other interested parties. The Agreement is in the public interest because it will act to further competition in the local exchange market in Arizona.

THE COMMISSION July 9, 2001 Page 2

Since there are no grounds for rejection of the Agreement pursuant to Section 252(e)(2)(A) of the 1996 Act, Staff recommends that the Commission approve the Interconnection Agreement between Qwest and Affinity.

Deborah R/Scott

Director

Utilities Division

DRS:EAA:bsl/MAS

ORIGINATOR: Erinn Andreasen

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| 1 | BEFORE THE ARIZONA CORPORATION COMMISSION | | | | |
|--------|---|--|--|--|--|
| 2 | WILLIAM A. MUNDELL | | | | |
| 3 | Chairman JIM IRVIN | | | | |
| 4 | Commissioner MARC SPITZER | | | | |
| 5 | Commissioner | | | | |
| 6 7 | IN THE MATTER OF THE APPLICATION) DOCKET NOS. T-01051B-01-0472 OF QWEST CORPORATION F/K/A U S WEST) T-02664A-01-0472 COMMUNICATIONS, INC., FOR APPROVAL) | | | | |
| 8 | OF A LOCAL INTERCONNECTION) DECISION NO AGREEMENT WITH AFFINITY NETWORK,) INC.) ORDER | | | | |
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| 1 1 | Open Meeting July 24 and 25, 2001 Phoenix, Arizona | | | | |
| 12 | BY THE COMMISSION: | | | | |
| 13 | FINDINGS OF FACT | | | | |
| 14 | 1. On June 11, 2001, Qwest Corporation ("Qwest") f/k/a U S WEST Communications, | | | | |
| 15 | Inc., filed an application for approval of an Interconnection Agreement between Qwest, Affinity | | | | |
| 16 | Network, Inc. ("Affinity"). The term of the Agreement shall be effective upon Commission | | | | |
| 17 | approval and remain in effect until June 30, 2003. Upon expiration, the agreement shall remain in | | | | |
| 18 | force and effect until terminated by either party on one hundred sixty (160) days written notice. | | | | |
| 19 | The Agreement governs the terms and conditions under which Qwest will offer Interconnection | | | | |
| 20 | services to Affinity. | | | | |
| 21 | 2. The Telecommunications Act of 1996 ("1996 Act") directed incumbent local | | | | |
| 22 | exchange carriers to make their networks available for Interconnection and Resale by new entrants | | | | |
| 23 | to the local exchange market. The 1996 Act provides for Interconnection and Resale agreements | | | | |
| 24 | to be concluded by voluntary negotiation. | | | | |
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| 26 | resort to arbitration. | | | | |
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- 4. Under the terms of the Agreement, Qwest will provide specified local exchange 2 services for Interconnection, Resale, Collocation and Unbundled Network Elements to Affinity. 3 Generally, Owest services will be made available to Affinity for resale at a twelve (12) percent 4 discount for residential customers and an eighteen (18) percent discount for business customers.
- 5. According to the 1996 Act and Commission Rule, the Commission must approve 6 voluntarily negotiated Interconnection and Resale agreements, if their provisions are non-7 discriminatory and in the public interest.
- Staff has reviewed the Agreement and finds it to be non-discriminatory and in the 6. 9 public interest. Owest is offering the same terms and conditions of the Agreement to all other 10 interested parties. The Agreement is in the public interest because it will act to further competition 11 in the local exchange market in Arizona.
- Since there are no grounds for rejection of the Agreement pursuant to Section 7. 13 252(e)(2)(A) of the 1996 Act, Staff has recommended that the Commission approve the 14 Interconnection Agreement between Qwest and Affinity.

CONCLUSIONS OF LAW

- Owest is an Arizona public service corporation within the meaning of Article XV, 1. 17 Section 2, of the Arizona Constitution.
- 2. The Commission has jurisdiction over Affinity and over the subject matter of the 19 Application.
- 3. The Commission, having reviewed the Application and Staff's Memorandum has 21 determined that the Resale Agreement negotiated between Qwest and Affinity meets the 22 requirements of Section 252(e)(2)(A) of the 1996 Act which governs the approval of voluntarily-23 negotiated agreements and is in the public interest.
- 4. The Commission maintains jurisdiction over the subject matter of the Agreement 25 and Amendments thereof, to the extent permitted pursuant to the powers granted the Commission 26 by the Arizona Constitution, Statutes, Commission Rule, and the 1996 Act and the Rules 27 promulgated thereunder.

Decision No.

ORDER

IT IS THEREFORE ORDERED that the Commission hereby approves the Interconnection 3 Agreement between Qwest and Affinity filed on June 11, 2001.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

| 6 | | | |
|----|-----------------|--|-------------------------|
| 7 | CHAIRMAN | COMMISSIONER | COMMISSIONER |
| 8 | | IN WITNESS WHEREOF, I, BF | RIAN C. McNEIL. |
| 9 | | Executive Secretary of the A Commission, have hereunto, set my | rizona Corporation |
| 10 | | official seal of this Commission to be a in the City of Phoenix, this day of | affixed at the Capitol. |
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| 13 | | BRIAN C. McNEIL | |
| 14 | | Executive Secretary | |
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| 1 | DISSENT: | | |
| 17 | DRS:EAA:bsl/MAS | | |
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Decision No.